

# Department of Airports Strategic Issues 2008 - 2010

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City Council Workshop  
April 1, 2008

# Strategic Issues

- Impact of Federally controlled capital project funding on terminal project
- Factors impacting affordability for airlines at Mid-Continent Airport
- Federal mandates affecting operations

# Impact of Federally Controlled Capital Project Funding on Terminal Project

- Terminal Area Redevelopment Program (TARP) funding
  - Five years entitlements (2006 – 2010): \$18 million
  - \$20 million in discretionary (2008-2011)
- Reduction in or temporary suspension of Airport Improvement Program (AIP) grants
  - \$3.5 million in annual entitlement funding for eligible capital projects
  - WAA has historically been successful in obtaining discretionary funding for eligible capital projects
- FAA Re-Authorization Bill
  - June 30, 2008 expiration
  - 95% AIP funds/5% match by WAA



# Impact of Federally Controlled Capital Project Funding on Terminal Project (cont.)

- Potential increase in Passenger Facility Charge cap above \$4.50
  - Application/Approval/Collection process
  - New cap expected in the \$6.00 to \$7.50 range
  - Increase to \$6.00 would create the ability to fund an additional \$15 million in debt service; \$7.50 = \$30 million
  - Currently \$3.3 million annual average collections for eligible capital projects at \$4.50 level

# Factors Impacting Affordability for Airlines

- Subsidy program provided by City, County and State
  - Current commitment levels
  - Low-fare impact on 17 of top 20 destinations
  - Leakage
- Sustaining air service after Airport incentive commitment is fulfilled
  - Record passenger traffic
  - Cost versus offsetting new revenues
- Airline financial position challenges
  - Price of fuel
  - Reducing capacity

# Factors Impacting Affordability for Airlines (cont.)

- New airline agreement
  - Effective upon beneficial occupancy of new terminal
  - Three year initial term
- Airlines desire for controlling Airport costs that do not have a direct benefit to them
- Maximization of non-airline revenues
- Ground handling services



# Federal Mandates Affecting Operations

- Transportation Security Administration regulatory
  - Employee screening
  - Checkpoint Law Enforcement Officer
  - Cargo screening
- Federal Aviation Administration guidance
  - Snow removal
  - Runway incursion reduction